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May 2, 2005

**VIA HAND DELIVERY**

Mr. Charles L. A. Terreni  
Chief Clerk/Administrator  
South Carolina Public Service Commission  
Synergy Business Park, The Saluda Building  
101 Executive Center Drive  
Columbia, South Carolina 29210

**Re: BellSouth Telecommunications, Inc. Transit Traffic Tariff  
Docket No. 2005-63-C**

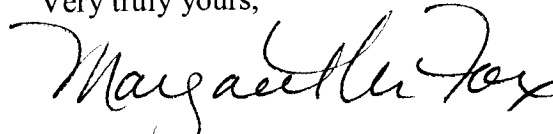
Dear Mr. Terreni:

Enclosed for filing on behalf of the South Carolina Telephone Coalition, please find an original and twenty-five (25) copies of the Testimony of Emmanuel Staurulakis in the above-captioned matter. By copy of this letter and Certificate of Service, all parties of record are being served with a copy of this testimony via U. S. Mail.

Please clock in a copy and return it with our courier.

Thank you for your assistance.

Very truly yours,



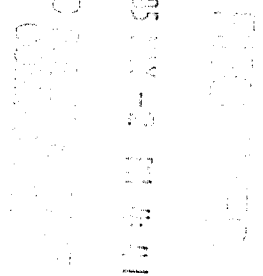
Margaret M. Fox

MMF/rwm  
Enclosures

cc: Parties of Record

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**TESTIMONY OF EMMANUEL STAURULAKIS**  
**BELLSOUTH TELECOMMUNICATIONS, INC. TRANSIT TRAFFIC TARIFF**  
**BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA**  
**DOCKET NO. 2005-63-C**



**Q. Please state your name and business address.**

**A.** My name is Emmanuel Staurulakis. My business address is 7852 Walker Drive, Suite 200, Greenbelt, Maryland 20770.

**Q. By whom and in what capacity are you employed?**

**A.** I am President of John Staurulakis, Inc. (JSI) a telecommunications consulting firm providing a full range of financial, regulatory and management consulting services to independent telecommunications providers throughout the nation.

**Q. Please briefly outline your education, training and experience in the telephone industry.**

**A.** In 1980, I received a Bachelor's degree in Business Administration from the American University, Washington, D.C. From May 1980 until December 1984, I worked at JSI as a Cost Separations Consultant. My responsibilities included preparing jurisdictional toll cost separations studies for clients in several states.

1 In December 1983, I earned a Masters degree in Accounting from the George  
2 Washington University, Washington D.C. In January 1985, I became a  
3 Supervisory Consultant responsible for the overall preparation and submission  
4 of numerous jurisdictional toll cost separations studies, rate case work, and  
5 intrastate tariff filings for a number of JSI clients.

6

7 In November 1987, I was promoted to Director of the Separations Department.  
8 In October 1992, I was promoted to Vice President of Operations and given day  
9 to day responsibility for all financial and regulatory matters affecting our  
10 clients. I am also a member of the National Exchange Carrier Association's  
11 (NECA) Universal Service Fund Committee.

12

13 In July of 1997, I was promoted to my current position of President of JSI.

14

15 **Q. On whose behalf are you testifying in this case?**

16 **A.** I am testifying on behalf of the South Carolina Telephone Coalition ("SCTC"), a  
17 coalition of incumbent local exchange telephone companies organized and  
18 doing business under the laws of the State of South Carolina. SCTC's members  
19 are telephone companies or telephone cooperatives subject to the jurisdiction of  
20 this Commission. A list of companies on whose behalf I am testifying in this  
21 matter is attached as "Exhibit A."

22

1    **Q.     What is the purpose of your testimony?**

2    **A.**     The purpose of my testimony is to demonstrate that (1) a tariff is not the proper  
3             vehicle to establish the rates, terms, and conditions of BellSouth's provision of  
4             transit service; and (2) the Commission should make it clear that SCTC  
5             member companies have no obligation to pay for transit traffic for out-of-  
6             service-area points of interconnection ("POIs"), and that competitive local  
7             exchange carriers ("CLECs") and commercial mobile radio service ("CMRS")  
8             providers that choose to indirectly interconnect with SCTC member companies  
9             via an out-of-service-area POI at a BellSouth tandem should be responsible for  
10            any transit charges that BellSouth may apply.

11

12   **Q.     Why do you state that the rates, terms, and conditions of BellSouth's**  
13            **provision of transit are not properly established by tariff?**

14   **A.**     The provision of transit service by BellSouth involves complex intercarrier  
15             arrangement and compensation issues that must be addressed and resolved,  
16             either between the parties or, failing that, by the Commission. BellSouth's  
17             provision of transit is directly related to the manner in which BellSouth has  
18             chosen to fulfill its interconnection obligations with CLECs and CMRS  
19             providers under 47 U.S.C. § 251. Thus, it is appropriate to establish the rates,  
20             terms and conditions for such service by negotiation and agreement. If the  
21             parties are unable to agree on appropriate rates, terms, and conditions, the  
22             appropriate method of resolving these issues is by presenting them to the  
23             Commission. BellSouth cannot resolve these differences by unilaterally

1 imposing its own rates, terms, and conditions upon the SCTC companies by  
2 tariff.

3  
4 **Q. What are some of the SCTC's main concerns regarding BST's proposed**  
5 **Transit Traffic tariff?**

6 **A.** According to the proposed tariff filed by BellSouth, SCTC members do not  
7 have a choice as to whether or not they will "purchase" BellSouth's Transit  
8 Traffic service. Through interconnection agreements, BellSouth has permitted  
9 CLECs and CMRS providers to establish a point of interconnection on  
10 BellSouth's network and has agreed to perform a transiting function for those  
11 CLECs so that the CLECs can exchange traffic indirectly with SCTC member  
12 companies. SCTC member companies have a major concern with BellSouth's  
13 Transit Traffic tariff because it requires SCTC member companies to pay  
14 transiting charges for traffic that is being exchanged pursuant to agreements to  
15 which the SCTC companies are not parties and with respect to which they have  
16 had no input. Additionally, these interconnection agreements between  
17 BellSouth and CLECs or CMRS providers allow the CLEC or CMRS  
18 providers to exchange traffic with a SCTC member company on an indirect  
19 basis without establishing a point of interconnection on the SCTC member  
20 company's network. In some cases, the SCTC member company may not even  
21 be aware that it is exchanging traffic with the CLEC.

1   **Q.    Are the SCTC member companies parties to these interconnection**  
2       **agreements?**

3   **A.**   No. These contractual arrangements were negotiated between BellSouth and  
4       the CLEC or CMRS provider. The individual SCTC member companies are  
5       not parties to these agreements and therefore had no say in the rates, terms and  
6       conditions that were negotiated as part of such agreements.

7

8   **Q.    Did BellSouth attempt to negotiate Transit Traffic charges with the SCTC**  
9       **companies?**

10  **A.**   Yes. BellSouth previously proposed that the SCTC member companies enter  
11       into agreements with BellSouth. However, both the proposed agreements and  
12       the proposed tariff pre-determine which party will be responsible for transit  
13       tariff charges (i.e., the originating party). As noted above, this is not acceptable  
14       to the SCTC individual member companies. The SCTC member companies  
15       are not obligated to pay for the cost of transiting traffic when they have not  
16       chosen this method of indirect connection.

17

18  **Q.    Do rural LECs such as the SCTC member companies have an obligation**  
19       **to route calls to CLECs and CMRS providers' numbers to an out-of-**  
20       **service area POI that is unilaterally dictated by the other carriers?**

21  **A.**   No. SCTC members do not have an obligation to route calls to other carriers  
22       such as CLECs and CMRS providers to an out-of-service-area POI that these  
23       carriers have established with BellSouth. Section 251(c)(2) of the Act does not

1           require an out of service area POI, therefore the less burdensome Section  
2           251(a) couldn't require an out of service area POI.

3

4   **Q.     Can you explain the difference between the interconnection requirements**  
5           **under Section 251(a) and the requirements under Section 251 (c)?**

6   **A.**    The Federal Communications Commission ("FCC") has repeatedly stated the  
7           difference between Section 251(a) and 251(c) obligations:

8                       Section 251(a) imposes relatively limited obligations on all  
9                       telecommunications carriers; section 251(b) imposes moderate  
10                      duties on local exchange carriers; and section 251(c) imposes  
11                      more stringent obligations on incumbent LECs. Thus, section  
12                      251 of the Act 'create[s] a three-tiered hierarchy of escalating  
13                      obligations based on the type of carrier involved.' As explained  
14                      above, section 251(c) does not require incumbent LECs to  
15                      transport and terminate traffic as part of their obligation to  
16                      interconnect. Accordingly, it would not be logical to confer a  
17                      broader meaning to this term as it appears in the less-  
18                      burdensome section 251(a).<sup>1</sup>  
19

20           Applying this construction of Section 251, it is clear that the Act does not  
21           obligate rural LECs such as the SCTC member companies to route telephone  
22           exchange calls to an out-of-network POI. Even under the most restrictive,  
23           burdensome interconnection duties, Section 251(c)(2) of the Act, does not  
24           require an incumbent local exchange carrier ("ILEC") to establish an out of  
25           service area POI.

26

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<sup>1</sup> In the Matter of Total Telecommunications Services, Inc. and Atlas Telephone Company, Inc.,  
Complainants, v. AT&T Corporation: Memorandum Opinion and Order, File No. E-97-003 at para. 25  
(rel. Mar. 13, 2001) citing Guam Public Utilities Commission Petition for Declaratory Ruling  
concerning Sections 3(37) and 251(h) of the Communications Act: Declaratory Ruling and Notice of  
proposed Rulemaking, 12 FCC Rcd 6925, 6937-38 (1997).

1   **Q.    What do these more burdensome requirements under Section 251(c)**  
2       **require regarding the establishment of a POI?**

3   **A.**    Section 51.305(a) of the FCC’s Rules, which implements Section 251(c)(2),  
4       states, “[a]n incumbent LEC shall provide, for the facilities and equipment of  
5       any requesting telecommunications carrier, interconnection with the incumbent  
6       LEC’s network . . . (2) at any technically feasible point within the incumbent  
7       LEC’s network . . .”<sup>2</sup> According to the FCC’s findings, Section 251(a), which  
8       applies to all telecommunications carriers, including ILECs, cannot be more  
9       burdensome than 251(c). Consequently, Section 251(a) cannot require a rural  
10      LEC to route calls to an out-of-service-area POI.

11

12   **Q.    Can you explain further how Section 251(a) interconnection obligations**  
13       **differ from 251(c)?**

14   **A.**    Under the 1996 Act, an incumbent LEC (“ILEC”) must provide for  
15       interconnection at any technically feasible point within its network.<sup>3</sup> An ILEC  
16       that is considered a “rural telephone company,” however, is exempt from this  
17       and other 251(c) requirements.<sup>4</sup> The exemption terminates when the rural  
18       telephone company receives a bona fide request that its state commission  
19       determines is not unduly economically burdensome, technically infeasible or  
20       inconsistent with statutory universal service requirements.<sup>5</sup> At no point,  
21       however, does the 1996 Act impose more burdensome requirements on rural

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<sup>2</sup> 47 C.F.R. § 51.305(a) (*emphasis supplied*).

<sup>3</sup> See 47 U.S.C. § 251(c)(2); 47 C.F.R. § 51.305(a).

<sup>4</sup> See 47 U.S.C. § 251(f)(1).

<sup>5</sup> See *Id.*



1 telephone companies than it does other ILECs. Accordingly, to interpret  
2 Section 251 as requiring a rural telephone company to honor an out-of-service  
3 area POI designated by a CLEC or a CMRS carrier would be inconsistent with  
4 the underlying statutory purpose.

5  
6 **Q. If the Commission approves BellSouth's Transit Traffic tariff as is, what**  
7 **could be the impact on the SCTC member companies?**

8 **A.** Being required to pay for a transiting function that was imposed through no  
9 choice of the individual SCTC member companies could have a severe adverse  
10 economic impact on the individual SCTC member companies and their  
11 customers. BellSouth's transit rate of \$0.003 per minute of use, which will  
12 increase to \$0.006 per minute of use on January 1, 2006, would constitute a  
13 substantial cost if applied to SCTC member companies' traffic.

14  
15 **Q. What other concerns does the SCTC have with BellSouth's proposed**  
16 **tariff?**

17 **A.** One additional concern is with the way BellSouth has defined the traffic to  
18 which the charges would apply. For wireline-to-wireline traffic, BellSouth  
19 defines such traffic to include "any intraLATA circuit switched call transiting  
20 BellSouth's network that originates from and terminates to carriers other than  
21 BellSouth, and for which BellSouth does not collect toll charges or access  
22 charges, either directly or indirectly, as the intraLATA toll provider for the end  
23 user." This definition appears to include such things as traffic that is bound for  
24 Internet Service Providers ("ISPs"). The Extended Area Service ("EAS")

1 arrangements between BellSouth and the SCTC companies, whereby traffic  
2 that would normally be considered toll traffic is treated as toll-free 7-digit-  
3 dialed traffic, were not intended to include data traffic. The inclusion of ISP-  
4 bound traffic is a concern to the SCTC member companies because ISP-bound  
5 traffic can escalate quickly or suddenly to large volumes. According to  
6 BellSouth's proposed tariff, the SCTC member companies would potentially  
7 incur large monthly expenses for transiting ISP-bound traffic, which was not  
8 contemplated when EAS was established and implemented.

9  
10 **Q. Does the SCTC believe BellSouth's proposed transit traffic charges are**  
11 **reasonable?**

12 **A.** No. First, as I have stated, applying any transit charges – either by tariff or  
13 through a proposed agreement that mirrors the tariff – when a company has no  
14 choice regarding whether or not to “purchase” the service is not appropriate.  
15 For traffic to which the charge is properly applied, however, the rate should be  
16 set on an appropriate cost basis. The proposed rate does not appear to be cost-  
17 based, but appears to have been arbitrarily selected by BellSouth. BellSouth is  
18 already proposing to double the rate on January 1, 2006 unilaterally and  
19 without apparent justification.

1   **Q.    Why is the SCTC opposed to BellSouth's tariff, which has general**  
2       **applicability?**

3   **A.**    The reason for that is simple. The tariff does not have general applicability, but  
4       is targeted specifically to carriers like the SCTC member companies. The tariff  
5       applies only to those carriers that do not have an interconnection agreement  
6       with BellSouth. Most, if not all, carriers that are interconnected with  
7       BellSouth, with the exception of SCTC companies and possibly other  
8       incumbent local exchange carriers, would have an interconnection agreement  
9       with BellSouth and, thus, would not fall under the tariff. This is another reason  
10      why it is not appropriate to establish the rates, terms, and conditions for this  
11      service by tariff. The tariff is an attempt to unilaterally impose rates, terms,  
12      and conditions for the service upon a distinct group of carriers.

13  
14   **Q.    Would you please summarize the position of the SCTC with respect to this**  
15       **matter?**

16   **A.**    Yes. CLECs and CMRS providers have a choice as to how they can exchange  
17       traffic with an individual SCTC member company. They may do so by  
18       establishing a direct connection with the SCTC member company.  
19       Alternatively, CLECs and CMRS providers may choose to establish an indirect  
20       connection (e.g., through BellSouth's tandem) by which to exchange traffic  
21       with an SCTC member company. However, if BellSouth and the CLEC or  
22       CMRS provider choose this indirect method of interconnection, the cost of that  
23       choice must be worked out between them. BellSouth and third parties simply  
24       cannot be permitted to choose an indirect method of interconnection with an

1 SCTC member company and hand the SCTC member company the bill. As I  
2 previously stated, the volume of traffic that would potentially be covered is  
3 unknown and potentially very large. Approval of BellSouth's tariff could  
4 potentially have a severe adverse financial impact on the SCTC member  
5 companies.

6

7 **Q. What are you asking the Commission to do regarding BellSouth Transit**  
8 **Traffic tariff?**

9 **A.** On behalf of the SCTC member companies I am asking that the Commission  
10 find that (1) BellSouth may not unilaterally adopt a tariff imposing transit  
11 charges on SCTC member companies; and (2) rural LECs should not be held  
12 responsible for any transit charges assessed by BellSouth when the CLEC or  
13 the CMRS carrier establishes a POI with BellSouth at one of BellSouth's  
14 tandems for the indirect exchange of traffic with the SCTC member companies.

15

16 **Q. Does this conclude your testimony?**

17 **A.** Yes.

## **EXHIBIT A**

### **South Carolina Telephone Coalition Member Companies**

Bluffton Telephone Company, Inc.

Chesnee Telephone Company

Chester Telephone Company

Farmers Telephone Cooperative, Inc.

Ft. Mill Telephone Company, d/b/a Comporium Communications

Hargray Telephone Company, Inc.

Home Telephone Company, Inc.

Horry Telephone Cooperative, Inc.

Lancaster Telephone Company, d/b/a Comporium Communications

Lockhart Telephone Company

McClellanville Telephone Company

Norway Telephone Company

Palmetto Rural Telephone Cooperative, Inc.

Piedmont Rural Telephone Cooperative, Inc.

PBT Telecom

Ridgeway Telephone Company

Rock Hill Telephone Company, d/b/a Comporium Communications

Sandhill Telephone Cooperative, Inc.

St. Stephen Telephone Company

West Carolina Rural Telephone Cooperative, Inc.

Williston Telephone Company

BEFORE  
THE PUBLIC SERVICE COMMISSION  
OF  
SOUTH CAROLINA  
Docket No. 2005-63-C

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SC PUBLIC SERVICE  
COMMISSION

IN RE:     BellSouth Telecommunications, Inc.     )  
          Transit Traffic Tariff                     )     CERTIFICATE OF SERVICE  
\_\_\_\_\_  
   )

This is to certify that I, Rebecca W. Martin, an employee with the McNair Law Firm, P. A., have this date served one (1) copy of the attached Testimony of Emmanuel Staurulakis on behalf of the South Carolina Telephone Coalition in the above-referenced matter to the persons named below by causing said copy to be deposited with the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below.

Patrick W. Turner, Esquire  
BellSouth Telecommunications, Inc.  
Post Office Box 752  
Columbia, South Carolina 29202

C. Dukes Scott, Esquire  
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721 Olive Street  
Columbia, South Carolina 29205

A handwritten signature in black ink, reading "Rebecca W. Martin". The signature is written in a cursive style with a large, looping initial "R".

Rebecca W. Martin  
McNair Law Firm, P.A.  
Post Office Box 11390  
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May 2, 2005

Columbia, SC